

Memorandum



To : SAC, WFO (46A-NEW) (P)

Date 8/31/87

From : SSA [redacted] C-7

Subject : JAMES C. WRIGHT, AKA
Jim Wright,
SPEAKER OF THE HOUSE OF U.S. REPRESENTATIVES;
CONGRESSMAN (D), TEXAS;
[redacted]
[redacted]
POSSIBLE FRAUD AGAINST THE GOVERNMENT;
OO:WFO

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On 8/31/87, the writer received a copy of the attached 8/26/87 Washington Times article, entitled "THE TALE OF JIM, GEORGE & BILLY BOB".

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A review of this article reflects several possible allegations against subjects, to include the following:

1. That in 1985 and 1986, Congressman WRIGHT sponsored bills specifically designed to circumvent the statutory criteria for EDA grants resulting in a \$11.8 million set aside payable only to Fort Worth, Texas. These funds were allegedly earmarked for Stockyards Development Project, Fort Worth, Texas, allegedly managed by [redacted] a business partner of Speaker WRIGHT.

2. It is further alleged that Congressman WRIGHT also sponsored legislation that resulted in the earmarking of 15 additional million dollars for a flood control project in Forth Worth, Texas.

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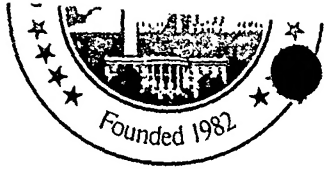
The article lists several other allegations against captioned subjects that could possibly involve violations of U.S. law. On 8/31/87, the writer advised FBIHQ SSA [redacted] that WFO was instituting an investigation into this matter as of this date.

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WASHINGTON TIMES, 8/24/87, P.A.9

The tale of Jim, George and Billy Bob

In the past two years Speaker of the House Jim Wright has used budget appropriations for the Economic Development Administration and the Army Corps of Engineers to funnel \$26.8 million into a development project in the "historic" stockyards of Fort Worth, Texas. The series of grants is troubling for the simple reason that the man coordinating the stockyard development is the speaker's business partner, George Mallick.

In 1985 and 1986 Mr. Wright sponsored bills specifically designed to circumvent the statutory criteria for EDA grants. The two bills set aside \$11.8 million payable only to Fort Worth, Texas and earmarked for the stockyards development project there. Mr. Wright also slipped an amendment into a 1986 appropriations bill for the Army Corps of Engineers while the bill was in the conference committee — that is, after it had passed the House and Senate — adding \$15 million for what was called "flood control" in Fort Worth's historic abattoirs.

To understand just how questionable the grants were, look back to August 1979, when Mr. Wright, his wife and Mr. and Mrs. George Mallick formed a holding company called Mallightco. Coincidentally, that was the first year the Ethics in Government Act required House members to submit financial disclosure statements. Since then, Mallightco has operated as a perfectly opaque umbrella sheltering the identity of the speaker's investments. In eight years Mr. Wright has not filed a single correctly completed financial disclosure statement.

The Ethics Committee's guidelines for filing these statements instruct congressmen to reveal the "underlying assets" of investment partnerships like Mallightco. The speaker of the House has never done so. Normally, when the Ethics Committee discovers omissions like those made by the speaker they return the statement for correction. The committee's staff refuses to comment on why every single one of Jim Wright's disclosures remain incomplete and unamended. One source with the committee confessed to fearing for his job for merely having been asked a question about the situation.

The speaker's investment portfolio also is a taboo topic in his office. The speaker's spokesman, Wilson Morris, says he knows nothing about Mallightco, the Fort Worth stockyards grants, the speaker's financial disclosure statements or Mrs. Wright's employment with George Mallick. If anyone in the office knows about it, he adds, that person is on vacation.

We don't know the full details of the investments, but some of the appearances are troubling at best. Mr. Wright's wife, Betty, has been a paid employee of George Mallick Properties and also of Mallightco, but Mr. Wright's financial disclosure statements list her only as an employee of Mallick Properties, Inc. up until 1985, when she also started working for the Pacific Institute. In 1986 this is listed as her only employer. Mr. and Mrs. Wright customarily stayed in a rent-free condo owned by Mr. Mallick during their trips home — a perk Mr. Mallick says serves

as partial payment for Mrs. Wright's services — until a Fort Worth newspaper reported the cozy arrangement. The speaker and his wife now pay the princely sum of \$20 a day when they use the condo.

Furthermore, the EDA grant money for the "Williamsburg of Texas stockyards" would help finance a project being conducted by Mr. Wright's associate George Mallick, and one of Mr. Mallick's other business associates, Billy Bob Barnett, who runs Mr. Mallick's stockyard for singles, Billy Bob's Texas. EDA grants theoretically are supposed to "alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions." But Fort Worth doesn't fit that unambiguous description. As Jim Wright's special EDA grants were sliding through Congress, unemployment in Fort Worth and Tarrant County was only 6.8 percent. At that time 900 other counties in the country, none of which received a penny of EDA money, had unemployment rates exceeding 10 percent.

On March 10, the Fort Worth City Council voted to apply to EDA for the \$11.8 million Speaker Wright had already set aside exclusively for the stockyards project. The council simultaneously decided to set up a special corporation for the specific purpose of loaning the money to the Fort Worth Stockyards Corporation owned by Mr. Barnett and Mr. Mallick.

However, in June, Assistant Commerce Secretary Orson Swindle went to Fort Worth and criticized Mr. Wright for circumventing the statutory EDA grants procedure. The city has still not formally applied for the \$11.8 million and has now apparently backed away from loaning it directly to George Mallick and Billy Bob Barnett. On August 3, five members of the Fort Worth City Council met unofficially with an EDA official and explored ways for drafting a grant application. One idea was to recycle \$5 million of the EDA grant money as the share the city needs to put up to get the \$15 million set aside in the Corp of Engineers appropriations. In other words, the city wants to use \$5 million in federal money to qualify for another \$15 million in taxpayer money.

According to Fort Worth City Councilman Russell Lancaster, this \$15 million was originally to be used to finance an "urban lake" on Fort Worth Stockyards Corporation property. In 1986 the city tried to finance the attraction via a bond issue, which voters rejected. When the "urban lake" site subsequently was discovered to be below the area vulnerable to floods, Jim Wright requested "flood control" money in the Corps of Engineers appropriation.

In all, the speaker's constituent services show a pattern of grotesque local favoritism, if not downright conflict of interest. Mr. Wright, who has been quick to criticize the appearance of impropriety among administration officials, has a lot of explaining to do about the appearances created by the very unusual deals he has cut for the benefit of his pals, George and Billy Bob.

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red tane. Dr. Bernard Davis, professor

Memorandum



To : SAC, WASHINGTON FIELD OFFICE
(46A-11438) (C) (C-7)

Date 9/24/87

From : SA [redacted]

Subject : JAMES C. WRIGHT, aka
Jim Wright
SPEAKER OF THE HOUSE OF
U.S. REPRESENTATIVES;
CONGRESSMAN (D) TEXAS;

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[redacted]
POSSIBLE FRAUD AGAINST THE GOVERNMENT
OO:WFO

Retelcall between SA [redacted] and SSA [redacted]
[redacted] Public Corruption Unit, FBIHQ, on 9/24/87.

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On 9/24/87, I spoke with [redacted] Trial Attorney, Public Integrity Section, Department of Justice (DOJ), about newspaper articles that appeared in the Washington Times on 8/26/87 and the Washington Post on 9/24/87. (see attached) These articles are to say the least critical of WRIGHT's business dealings. [redacted] assured me that he had read the newspaper stories that have appeared on WRIGHT with great care and interest. [redacted] maintained that even though some of the information printed about Mr. WRIGHT has caused him some concern, he does not see any violations of criminal law at this time. [redacted] further stated that in his opinion, there is

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Following my telephone conversation with [redacted] I spoke with SSA [redacted] and advised him of [redacted] prosecutive opinion. [redacted]

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In view of the above, WFO will close captioned matter administratively.

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